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Britain-UAR: [A representative of a British aircraft firm is in Cairo this week to discuss the possible sale of Gnat jet trainers to the UAR. This would be the first important British military sale to the UAR since the Suez crisis. The British Foreign Office is prepared to license the sale as part of its policy of gradual improvement of relations with the UAR. Cairo has long sought the Gnat trainer and recently sent a purchasing mission to visit British arms factories.]

Japan: Japanese villagers, after a 13-day sit-down strike which blocked US and Japanese field exercises on a military range authorized under the security treaty, have withdrawn after promises by officials of Japan's Defense Agency to seek US release of the facility. The Japanese Government's failure to take firm action in this instance is explainable in the light of forthcoming elections and its reluctance to antagonize the public on the security issue. The incident raises doubts about the government's future willingness to oppose concerted protest movements against other US bases, at least during the pre-election period and possibly thereafter.

South Korea: The agreement of the two rival factions of the majority Democratic party to support Yun Po-son for the largely ceremonial post of South Korean President has centered the intra-party struggle for power on the post of prime minister. Competition between former Vice President Chang Myon and Kim To-von.

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the leader of the party's right wing, for this post could lead to a party split and political instability. Both men are anti-Communist and friendly toward the US, but neither has given indications of strong leadership. [REDACTED]

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### III. THE WEST

Iceland-UK: [REDACTED] In what appears to be a major break in the fishing-limits dispute between Iceland and Britain, the Icelandic Government on 8 August agreed to a British proposal to hold talks on the issue. The talks are expected to begin in about a month. The dispute has caused numerous clashes between vessels of the two countries during the past two years and has threatened Iceland's cooperation with NATO. Iceland made the talks contingent on agreement by British fishermen to continue to respect Iceland's unilaterally extended 12-mile fishing limits after a three-month "truce" in the disputed waters expires on 13 August. British fishing interests have agreed to a two-month extension of the "truce." [REDACTED]

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### IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Probable Reactions to US Reconnaissance Satellite Programs.  
SNIE 100-6-60. August 1960. [REDACTED]

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Sino-Soviet Relations. NIE 100-3-60. August 1960. [REDACTED]

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## LATE ITEMS

25X1 [ ] \*Republic of the Congo: Congolese police loyal to Premier Lumumba continue to patrol the African quarter of Leopoldville following anti-Lumumba demonstrations on 9 and 10 August. Lumumba, whose political position appears to have been weakened by the recent no-confidence vote against his administration by the Abako party, [reportedly is planning a cabinet shake-up in order to displace his moderate ministers with leftists.] The Abako--the best-organized party in the Leopoldville area, where Lumumba has little popular support--is opposed to the premier's concept of a highly centralized government.

25X1 [ ] UN Secretary General Hammarskjold, meanwhile, has told Katanga Premier Tshombé he will arrive in Elisabethville today, accompanied by military and civilian advisers and two Swedish companies of about 125 armed men each. He will not take a representative of the Lumumba government with him. In an apparent effort to curb inflammatory statements by Prime Minister Nkrumah of Ghana, Hammarskjold discussed the situation with him during a "refueling stop" in Accra en route to Leopoldville.

25X1 [ ] Hammarskjold hopes to call in the first large complement of troops--Irish, Moroccan, and more Swedish--for Katanga on 14 August. He plans to return to Leopoldville on 15 August to begin negotiations with the Congolese and the Belgians on the disposition of Belgian bases.]

The Belgians, in their pique at the UN, have characterized the maintenance of troops in their trust territory of Ruanda-Urundi as logistically dependent on retaining their Kamina base in Katanga; they have hinted that they might be obliged to abandon the Ruanda-Urundi trusteeship. Premier Eyskens announced on 11 August that he would request a vote of confidence on Belgium's Congo policies next week.

25X1 [ ] Soviet officials are continuing their attempts to stimulate among African countries dissatisfaction with UN efforts in the Congo. [During his 10 August talks with Hammarskjold, however, Soviet Deputy Foreign Minister Kuznetsov agreed that the USSR would make all of its technicians for the Congo available through the UN.]

25X1 [ ] \*Laos: General Phoumi, defense minister in the Somsanith government, told American and Thai officials in Ubon, Thailand, on 10 August that he planned to gather a force of 600 paratroopers for a drop on Vientiane airfield, which would be reinforced by an airlift of infantry troops. Phoumi plans to place these elements under the command of Colonel Sourith, commander of the Laotian air arm, who has just returned from the United States. An American Embassy observer notes, however, that Sourith appeared reluctant to undertake such a mission and had expressed high regard for Captain Kong Le, the leader of the Vientiane revolutionaries.

25X1 [ ] Phoumi would be heavily dependent on outside logistic and air transport if he were to mount such an operation against Vientiane. The American army attaché in Vientiane estimates, after counting the planes held by the rebels, that three C-47s may still be available to the loyalists, but this number is inadequate for an operation of the scope apparently envisaged by Phoumi. Another [ ] observer 25X1 present at the talks received the impression from the casual attitude of the Thai officials toward Phoumi's presentation of his plans that Thailand intended to contribute little to a counterrevolution and expected the United States to supply the necessary support. Phoumi has since established his headquarters at Savannakhet in south-central Laos.

25X1 [ ] Despite Phoumi's plans to mount a counteroffensive, his cabinet colleagues in Luang Prabang, including Premier Somsanith, seem anxious to avoid bloodshed and to reach some sort of agreement with the rebels. Former Premier Souvanna Phouma has told French Ambassador Falaize that General Ouane, who had been sent to Vientiane as an emissary of the Somsanith government, returned to Luang Prabang on 11 August with an "agreement" signed by the rebels and outlining their terms. Since this "agreement" in effect asks the government to negotiate under duress in Vientiane, it is likely to be rejected. It will probably be followed up by further exchanges, however.

Souvanna Phouma seems intent on acting as a go-between for the two groups. Falaize claims that Souvanna, as president of the National Assembly, refused Kong Le's request at the beginning of the coup to dissolve that body unless instructed to do so by the King in Luang Prabang. He also allegedly refused to become head of the rebel

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movement. The American Embassy on 11 August received a copy of a letter sent by Souvanna disavowing his inclusion on the revolutionary executive committee. Souvanna is a neutralist and in favor of amnesty for the Communist Pathet Lao insurgents, but he is considerably more moderate than some of Kong Le's backers. He thus may consider his chances good to be named premier in the event of a compromise between Luang Prabang and Vientiane.

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### UAR May Buy Military Jet Trainers From Britain

[London may shortly make its first important military sale to the UAR since the Suez crisis four years ago. A representative of the Folland aircraft firm is in Cairo this week to discuss the possible sale of jet Gnat trainers. Cairo has long sought the Gnat trainer and recently sent a purchasing mission to visit British arms factories.]

[The British Foreign Office is prepared to license the sale as part of its policy of gradual improvement of relations with the UAR. The British chargé in Cairo has been instructed to try to see Nasir personally--which would be the first such meeting since Suez--to explain why London is willing to do this. The chargé would indicate, if necessary, that some military assistance of the type provided to Iraq and Israel is possible within the framework of Britain's policy of disinterested friendship for all Middle Eastern States. In this connection, the British want particularly to reassure Nasir that they have not instigated the recent Jordanian propaganda attacks on him.]

[London has made a major effort to increase trade with the UAR and raise the status of its mission in Cairo to an embassy. Although only a gradual increase in trade is likely, one major item was the delivery in June of the first of possibly four commercial jets under a \$9,800,000 contract. Nasir does not yet appear ready to exchange ambassadors. Differences persist over UAR demands for consulates in African and Arabian territories under British control or influence, but Cairo now appears willing to make some compromises.]

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[On 9 August, to end a 13-day sit-down strike by residents of Oshino village in Yamanashi Prefecture, the director of Japan's Defense Agency agreed to try to have the US release a US-Japanese military firing range on the slopes of Mt. Fuji to the local farmers who owned the land originally. Even though the strike had forced cancellation of several firing exercises by Japanese forces and delayed as well as drastically curtailed a scheduled exercise by 7,000 US marines temporarily transferred from Okinawa, Japanese officials decided against forcible removal of the strikers, who numbered between 80 and 300 daily.]

[The villagers are claiming that the right to use the land for military purposes expired on 23 June at the same time as the old US-Japanese security treaty under which the range was established. They also are claiming that the transfer of US troops from Okinawa to Japan is a violation of the treaty.]

[In a separate incident on Niijima, an island 100 miles south of Tokyo in lower Sagami Bay, continued opposition from island residents--abetted by national leftist organizations--induced the Defense Agency on 26 July to withdraw a military unit which had been attempting to construct a missile-testing range for Japanese ground forces.]

[The Japanese Government's failure to take firm action is explainable in the light of forthcoming elections and its reluctance to antagonize the public on the security issue. The incidents raise doubts about the government's willingness to oppose concerted protest moves against other US bases, at least during the pre-election period. They also reveal the Japanese Government's responsiveness to public manifestations of neutralist or pacifist sentiment and to pressures based on local interests.]

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### South Korean President Selected

After agreement between the two rival factions of the majority Democratic party, Yun Po-son was elected on 11 August for the largely ceremonial post of President of South Korea. The intraparty struggle for power now centers on the position of prime minister. Yun, a 62-year-old Edinburgh-educated archaeologist and onetime minister of commerce and industry, has a reputation for personal honesty and integrity. A member of the anti - Chang Myon faction of the party, he was a long-time opponent of former President Rhee and is regarded as a skilled compromiser.

Competition for the premiership between former Vice President Chang Myon, titular head of the party, and right-wing leader Kim To-yon could lead to a party split and political instability. The two factions are about equally represented in the lower house, where the party holds over two thirds of the 233 seats. Both are trying to pick up support among the some 40 independent and liberal members of the chamber. In a test of strength on 8 August for one of the vice-speakerships of the lower house the anti-Chang group won by a vote of 114 to 99.

Both Chang and Kim are anti-Communist and friendly to the United States, but neither has given indications of strong leadership. Chang, a graduate of Manhattan College and a doctor of medicine, served as ambassador to the United States during 1948-50 and as prime minister under Rhee in 1952. Kim was educated in Japan and the United States and holds a Ph. D. in economics. He qualifies as a national patriot, having been imprisoned in 1919 for anti-Japanese agitation. He has been active in politics since 1948 and has held several government and high party posts.

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Icelandic and British Governments to Hold Talks on Fishing Limits Dispute

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[The Icelandic Government on 8 August agreed to a British proposal to hold talks on the deadlocked two-year-old fishing limits controversy between the two countries. The decision represents a major break in the dispute occasioned by Iceland's unilateral extension of its fishing limits to 12 miles in September 1958. Subsequent clashes between fishing and naval vessels of the two countries have led to Icelandic threats to withdraw from NATO and at times brought relations between Iceland and Britain close to the breaking point.]

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[In preliminary conversations with British officials early this month, the Icelanders indicated their willingness to begin formal talks if British fishing interests would agree to extend the "truce" currently in effect in the disputed waters beyond its 13 August deadline. British fishing industry workers agreed this week to a two-month extension, and the talks now are expected to begin in about a month.]

[Aware of its vulnerability on this emotional issue as a result of Communist agitation and misrepresentation, Iceland's Conservative - Social Democratic government has insisted that the 12-mile limit is not to be a matter for negotiation. The British, however, have already indicated their willingness to accept this limit, provided they are able to phase out their fishing operations within it over a period of years. Communists and other extremist groups will accuse the Thors government of backing down on this vital issue, but the government probably expects the majority of Icelanders to approve a moderate solution which includes recognition of the extended fishing limits.]

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